



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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## Grassley: New Prescription Drug Benefit Must Complement Existing Coverage

WASHINGTON – Congress must take care to craft a Medicare prescription drug benefit that won't hurt the existing prescription drug coverage that millions of older Americans already enjoy, Sen. Chuck Grassley, chairman of the Committee on Finance, said today.

"Millions of older Americans don't have any prescription drug coverage, and they need help," Grassley said. "But many people with Medicare already have prescription drug coverage that they want to keep. They're worried that Congress will ruin a good thing for them. We have to make sure that doesn't happen. This is a two-sided coin."

Grassley's comments came after a hearing at which witnesses testified that more Medicare beneficiaries have access to prescription drug coverage than popular perception holds. Medicare itself does not provide a complete prescription drug benefit. However, 73 percent of Medicare beneficiaries had prescription drug coverage for some portion of the year in 1998, witnesses said. While some coverage may be limited, other coverage is much more comprehensive.

Grassley said he has heard from Iowans in both camps. While some need additional assistance for prescription drug costs, many others are terrified at the prospect of losing their current coverage as a result of a new federally-mandated benefit, he said.

The most common source of prescription drug coverage for the Medicare population is through employer-sponsored health plans for retirees. Of all Medicare beneficiaries that have drug coverage, close to 45 percent have it through employer-sponsored retiree plans, Grassley said.

Through these retiree plans, beneficiaries pay as little as \$5 for generic drugs, \$10 to \$14 for brand-name pharmaceuticals, experience modest deductibles, and generally have no limit on annual drug expenditures. Given these appealing benefits, Grassley said, it's easy to understand why older Americans want to maintain this kind of coverage, and why it's important for Congress to consider these facts as it crafts Medicare legislation this year.

In addition to retiree health plan options, nearly 6 million Medicare beneficiaries receive prescription drug benefits through Medicare+Choice plans, Grassley said. Under these plans, beneficiaries enjoy the benefits of a coordinated approach to wellness and treatment. Benefits such as disease management and home delivery are just a few of the additional pharmaceutical benefits available through a managed care approach. Still other beneficiaries access prescription drug benefits through "Medigap" plans, Medicaid programs, and State Pharmacy Assistance Programs.

Expert witnesses made clear that a prescription drug benefit guided by the federal

government will impact current programs and that Congress should proceed carefully and thoughtfully to ensure any new federal benefit is coordinated with existing coverage options.

“Prescription drug coverage is a precious commodity,” Grassley said. “If we’re giving it, we have to be sure we’re not inadvertently taking it away. The more a new drug benefit can complement current coverage, and not replace it, the more we can assure broader access to prescription drugs, and that those older Americans with drug benefits can keep the coverage they really like.”